

**Listing of the Claims:**

The following is a complete listing of all the claims in the application, with an indication of the status of each:

1        1 (Currently Amended). A method for managing inventory using a computer  
2        or computer system comprising the steps of:  
3                converting an inventory problem to financial portfolio problem;  
4                generating a set of possible inventory ~~estimates~~ investments;  
5                computing a value of possible inventory investments with said  
6        computer of computer system; and  
7                selecting an inventory investment with a best value.

1        2 (Original). The method for managing inventory of claim 1, wherein the step  
2        of converting the inventory problem into a financial portfolio problem  
3        expresses the inventory problem as a combination of long and short positions  
4        and put and call options on an asset.

1        3 (Original). The method for managing inventory of claim 2, wherein the  
2        value of possible inventory investments is computed by the steps of:  
3                decomposing cash flows associated with the inventory investment into  
4        a combination of cash flows that can be represented by a portfolio comprised  
5        of long and short positions in an underlying asset;  
6                computing with a valuation methodology the value of each long and  
7        short position in the portfolio;  
8                summing values of each long and short position in the portfolio to  
9        determine a value of the portfolio; and  
10               setting the value of the inventory investment equal to the value of the  
11        portfolio.

1 4 (Original). The method for managing inventory of claim 3, wherein the  
2 valuation methodology comprises one or more of a cash flow analysis, an  
3 option valuation analysis, a derivatives pricing analysis, variance reduction  
4 procedures, and finite difference methods.

1 5 (Original). The method for managing inventory of claim 3, wherein a value  
2 of an underlying asset of the portfolio is a demand for the inventory.

1 6 (Original). The method for managing inventory of claim 1, wherein  
2 operations research techniques are used to compute an inventory investment  
3 with a best value.

1 7 (Original). The method for managing inventory of claim 1, wherein an  
2 inventory investment with a best value is a highest expected value.

1 8 (Original). The method for managing inventory of claim 1, wherein  
2 inventory is selected using one of optimization, simulation, dynamic  
3 programming, heuristics, rule-based systems, and a budget constraint.

1 9 (Original). The method for managing inventory of claim 1, wherein the step  
2 of computing a value of possible inventory investments is based on one or  
3 more of demand variability, risk free interest rate, current level of demand,  
4 and historical level of demand.

1 10 (Original). A computer system for managing inventory comprising a  
2 plurality of clients connected to a common server and a storage system  
3 connected to the server, the storage system storing demand forecast, market  
4 price for products, manufacturing or purchasing cost for products, holding and  
5 backlogging cost for products, and inventory quantities for products, the server

6 receiving inputs from the clients and converting an inventory problem to a  
7 financial portfolio problem, the server further generating a set of possible  
8 inventory investments, computing a value of possible inventory investments,  
9 and selecting an inventory investment with a best value.

1 11 (Original). The computer system for managing inventory of claim 10,  
2 wherein the server converts the inventory problem into a financial portfolio  
3 problem by expressing the inventory problem as a combination of long and  
4 short positions and put and call options on an asset.

1 12 (Original). The computer system for managing inventory of claim 11,  
2 wherein the server computes the value of possible inventory investments by  
3 decomposing cash flows associated with the inventory investment into a  
4 combination of cash flows that can be represented by a portfolio comprised of  
5 long and short positions in an underlying asset, computing with a valuation  
6 methodology the value of each long and short position in the portfolio,  
7 summing values of each long and short position in the portfolio to determine a  
8 value of the portfolio, and setting the value of the inventory investment equal  
9 to the value of the portfolio.